

ONE Minute Brief

2 June 2016

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Economic and Political News

In South Africa, the manufacturing PMI dropped to a reading of 51.90 in May, compared to a level of 54.90 in the prior month.

The Naamsa vehicle sales in South Africa fell more than expected by 10.3% on an annual basis in May, compared to a drop of 9.2% in the previous month.

Finance Minister, Pravin Gordhan, stated that South Africa's government has done enough to avoid the nation's credit rating being downgraded to junk by credit rating agencies, Standard and Poor's (S&P) and Fitch.

South African Reserve Bank Governor, Lesetja Kganyago, announced that maintaining low and stable inflation was the most effective way in which the central bank was helping the economy. Moreover, he stated that recent blow to growth and inflation had created uncertainty coupled with concerns of a drought, while also mentioning that he could not predict the result of the upcoming ratings review.

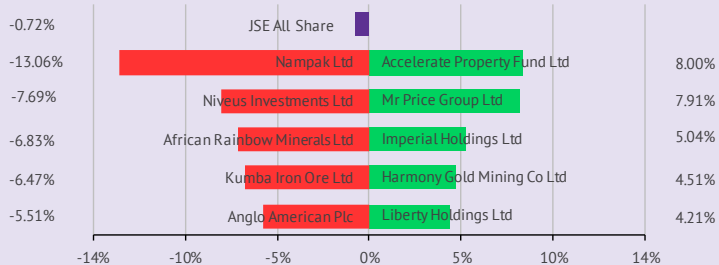
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53518.36	▼	-386.85	-0.72%	-1.08%	-0.72%	1.79%	5.57%
JSE Top 40	47510.07	▼	-464.02	-0.97%	-1.16%	-0.97%	3.23%	3.74%
FTSE 100	6191.93	▼	-38.86	-0.62%	-1.26%	-0.62%	-0.18%	-0.81%
DAX 30	10204.44	▼	-58.30	-0.57%	-0.80%	-0.57%	2.23%	-5.01%
CAC 40	4475.39	▼	-30.23	-0.67%	-0.87%	-0.67%	1.73%	-3.49%
S&P 500	2099.33	▲	2.37	0.11%	0.01%	0.11%	1.53%	2.71%
Nasdaq Composite	4952.25	▲	4.20	0.08%	0.38%	0.08%	3.62%	-1.10%
DJIA	17789.67	▲	2.47	0.01%	-0.47%	0.01%	0.08%	2.09%

South Africa Market ▼

South African markets closed lower

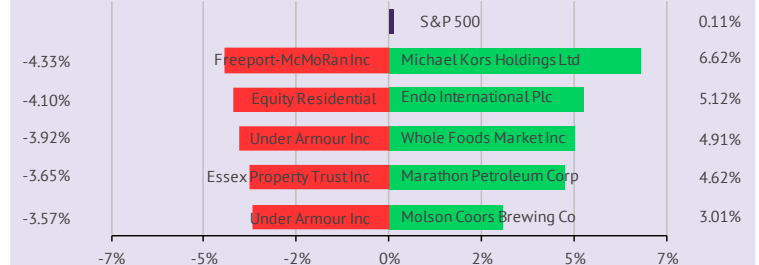
South African markets closed in the red yesterday, amid losses in resources sector stocks. Data indicated that the South Africa's Barclays manufacturing PMI eased in May, yet stayed in the expansion territory. The JSE All Share Index fell 0.7% to close at 53,518.36.



US Market ▲

The S&P 500 futures are trading in the red

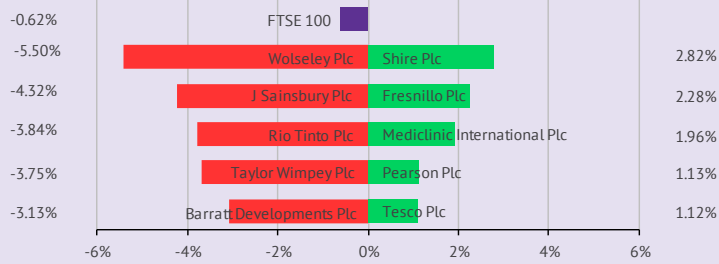
US markets closed higher yesterday, supported by gains in consumer staples sector stocks. Data indicated that the ISM manufacturing activity index in the US surprisingly rose in May. The S&P 500 Index climbed 0.1% to close at 2,099.33.



UK Market ▼

The FTSE 100 futures are trading in negative territory

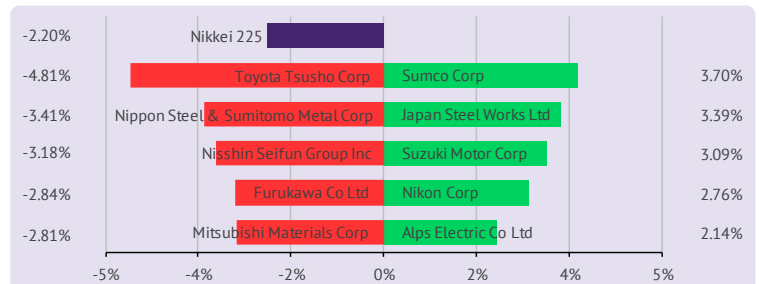
UK markets finished lower yesterday, weighed down by losses in mining sector stocks. Data revealed that UK's Markit manufacturing PMI unexpectedly expanded in May. The FTSE 100 Index declined 0.6% to close at 6,191.93.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 2.2% lower at 16,578.61.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R15.6153. Later today, traders will keep a close watch on US initial jobless claims and ADP employment change for further direction.

The US Dollar fell against the South African Rand yesterday, after the Markit survey indicated that growth in the US manufacturing activity slowed in May, pointing towards its weakest performance since September 2009. Additionally, the construction spending dropped on a monthly basis in April. On the other hand, the ISM survey indicated that manufacturing output expanded for a consecutive third month in May. Separately, Fed's Beige book pointed towards modest growth in all regions, along with robust strength in the labour market. Elsewhere, South Africa's manufacturing PMI eased in May, yet remained in the expansion territory.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R22.5240. Later today, traders will keep an eye on Bank of England Governor, Mark Carney's speech and the construction PMI for further cues.

The British Pound declined against the South African Rand yesterday. Separately, data indicated that UK's manufacturing PMI expanded slightly in May, entering the contraction territory, as manufacturers shrugged off Brexit fears. Moreover, the net consumer credit in the UK advanced less-than-expected in April.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R17.5006. Going forward, market participants will closely monitor the European Central Bank's interest rate decision scheduled later in the day. Moreover, the producer prices will also be looked upon by investors.

The Euro weakened against the South African Rand yesterday, after Eurozone's manufacturing output slowed in May. Moreover, the German manufacturing PMI expanded less-than-expected during the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R11.2992. Earlier in the session, Australia's retail sales rose less than expected on a monthly basis in May. Meanwhile, the nation's trade deficit narrowed in April.

The Australian Dollar fell against the South African Rand yesterday. Separately, Australia's economy expanded more than expected in the first quarter of 2016, amid robust export volumes and household spending on services.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.6153	▲	-0.68%	-0.80%	-0.68%	10.36%	0.84%
GBPZAR	22.5240	▲	-1.11%	-2.20%	-1.11%	9.38%	-1.33%
EURZAR	17.5006	▲	-0.17%	-0.13%	-0.17%	7.28%	3.87%
AUDZAR	11.2992	▼	-0.35%	0.22%	-0.35%	4.99%	-0.34%
EURUSD	1.1208	▲	0.50%	0.66%	0.50%	-2.78%	2.96%
GBPU\$	1.4422	▲	-0.46%	-1.42%	-0.46%	-0.85%	-2.21%
Brent (\$/barrel)	49.8	▲	-0.34%	0.81%	-0.34%	3.66%	33.37%
Gold (\$/oz)	1216.5	▲	-0.24%	-0.16%	-0.24%	-5.87%	14.31%
Platinum (\$/oz)	975.4	▲	-0.87%	-1.05%	-0.87%	-9.09%	8.99%
Copper (\$/MT)*	4632.0	▼	-1.38%	-1.87%	-1.38%	-7.25%	-1.57%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,216.50/oz.

Yesterday, gold prices fell 0.2% to close at \$1,211.90/oz, amid strength in the US Dollar, reduced demand for the precious metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$49.78/bl.

Yesterday, Brent crude oil dropped 0.3% to settle at \$49.72/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose 2.4mn bls last week. However, oil prices pared losses ahead of the OPEC meeting later in the day, raising hopes of a production cut by major oil producers.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.4% to trade at \$975.40/oz.

Yesterday, platinum prices declined 0.9% to close at \$971.90/oz.

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Major South Africa Corporate News

Imperial Holdings Limited

The company announced that Imperial Mobility International BV, the firm's wholly owned subsidiary, has entered into a conditional agreement with Phoenix Equity Partners Limited to acquire 100.0% of the issued share capital of Palletways Group Limited and its subsidiary undertakings. The consideration of GBP162.90mn (R3.80bn) would be settled by existing unutilised foreign credit facilities and cash.

Lewis Group Limited

The company indicated that Mr. David Woollam has demanded that it begin with proceedings to declare Johan Enslin, the Chief Executive Officer, Les Davies the Chief Financial Officer, David Nurek, the Independent Non-Executive Chairman and Hilton Saven, the Independent Non-Executive Director as delinquent directors. The firm has appointed an independent sub-committee to consider these allegations.

Nampak Limited

In its 1H16 results, the company stated that its revenue from continuing operations increased to R9.42bn from R8.59bn posted in the corresponding period of the previous year. Its fully diluted headline EPS from continuing operations rose 6.9% from the same period of the prior year to 104.90c.

Pan African Resources Plc

The company indicated that Jadeite Limited has accepted its offer to acquire its 33.6% interest in Shanduka Gold Proprietary Limited. The company expects the transaction to be concluded by June 7, 2016.

Redefine Properties Limited

The company announced that all conditions precedent to acquire majority interest in Echo Prime Properties BV have been fulfilled and the transaction would be implemented on June 1, 2016. The implementation of the transaction will see Redefine subscribe for 75.0% plus one share of Echo Prime Properties' total issued share capital.

Santam Limited

In its operational update for the four-month period ended 30 April 2016, the company stated that it achieved acceptable underwriting results and premium growth despite a tough economic climate. It indicated that growth in gross written premium in South Africa's commercial, personal and specialist intermediated business lines were under pressure.

Major Global Economic News

US

In May, the ISM manufacturing activity index registered an unexpected rise to a level of 51.30 in the US, compared to a reading of 50.80 in the previous month. Markets were expecting the index to drop to 50.30.

In May, the final US Markit manufacturing PMI fell to a level of 50.70, compared to a level of 50.80 in the previous month. The preliminary figures had indicated a drop to 50.50. Market anticipation was for the PMI to ease to 50.50.

On a monthly basis in April, construction spending unexpectedly eased 1.8% in the US, less than market expectations for a rise of 0.6%. In the prior month, construction spending had advanced by a revised 1.5%.

UK

In April, net consumer credit in the UK, registered a rise of GBP1.30bn, lower than market expectations for an advance of GBP1.60bn. Net consumer credit had registered a revised increase of GBP1.80bn in the previous month.

In May, the manufacturing PMI in the UK recorded a rise to 50.10, compared to a revised level of 49.40 in the previous month. Markets were anticipating the index to rise to a level of 49.60.

In the UK, number of mortgage approvals for house purchases dropped to 66.30K in April, compared to number of mortgage approvals had recorded a revised reading of 70.30K, in prior month.

Eurozone

The final manufacturing PMI in the Eurozone fell to a level of 51.50 in May, compared to a reading of 51.70 in the prior month. Markets were anticipating the PMI to drop to 51.50 and the preliminary figures had also recorded a fall to 51.50.

In Germany, the final manufacturing PMI recorded a rise to 52.10 in May, compared to a level of 51.80 in the previous month. The preliminary figures had recorded an advance to 52.40. Markets were expecting PMI to advance to a level of 52.40.

Asia

In Australia, the seasonally adjusted retail sales registered a rise of 0.2% on a monthly basis in April, lower than market expectations for a rise of 0.3%. In the previous month, retail sales had registered a rise of 0.4%.

In April, the seasonally adjusted trade deficit in Australia fell to AUD1579.00mn, from a revised trade deficit of AUD1971.00mn in the prior month. Markets were anticipating the nation's deficit to widen to AUD2100.00mn.

In Japan, the monetary base advanced 25.5% on an annual basis, in May. The monetary base had risen 26.80% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (YoY) (May)	✓	25.50%*	26.80%	Monthly
Japan	07:00	Consumer Confidence Index (May)	✓✓	40.10	40.80	Monthly
Spain	09:00	Unemployment Change (May)	✓	-104.80K	-83.60K	Monthly
UK	10:30	Markit Construction PMI (May)	✓✓	52.00	52.00	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Apr)	✓	0.10%	0.30%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Apr)	✓✓	-	-5.70%	Monthly
South Africa	13:00	Electricity Production (YoY) (Apr)	✓✓	-	-4.30%	Monthly
US	13:30	Challenger Job Cuts (YoY) (May)	✓	-	5.80%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:15	ADP Employment Change (May)	✓✓	173.00K	156.00K	Monthly
Eurozone	14:30	ECB's Governing Council Reviews Rates; Draghi Speaks to Press	✓	-	-	As scheduled
Eurozone	14:30	ECB Monetary policy statement and press conference	✓	-	-	As scheduled
US	14:30	Initial Jobless Claims (28-May)	✓✓	270.00K	268.00K	Weekly
US	14:35	Fed's Powell Discusses Prudential Regulation	✓	-	-	As scheduled
US	15:00	BoE's Governor Carney speech	✓	-	-	As scheduled
US	15:45	ISM New York Index (May)	✓	-	57.00	Monthly
Eurozone	16:00	ECB President Mario Draghi, OeNB's Nowotny Speak in Vienna	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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